

Members

Sen. Potch Wheeler, Chairperson
Sen. Becky Skillman
Sen. Richard Young
Sen. James Lewis
Rep. Markt Lytle
Rep. James Bottorff
Rep. Richard Mangus
Rep. Phyllis Pond



NATURAL RESOURCES STUDY COMMITTEE

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MEETING MINUTES¹

Meeting Date: October 24 & 25, 2002
Meeting Time: 1:00 P.M.
Meeting Place: Etna-Troy Community Center, the Auditorium
Meeting City: Columbia City, Indiana
Meeting Number: 3

Members Present: The following were present on 10/24 & 10/25: Sen. Potch Wheeler, Chairperson; Sen. Becky Skillman; Sen. James Lewis; Rep. Markt Lytle; Rep. James Bottorff; Rep. Richard Mangus; Rep. Phyllis Pond.

Members Absent: The following was absent on 10/24/ & 10/25: Sen. Richard Young.

Sen. Potch Wheeler called the meeting to order at 1:25 P.M. and introduced the members of the Natural Resources Study Committee (Committee). Sen. Wheeler outlined the order in which agenda items would be discussed and began to receive testimony.

Topic: Exhibitor's Permits for Endangered Turtles.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Russell Reed, Churubusco, Indiana

Mr. Reed distributed a handout (Exhibit A) that included his testimony, photos, and information on wild animal possession permits and U.S. Department of Agriculture commercial licenses. Mr. Reed stated that he legally purchased an alligator snapping turtle in Georgia in 1992. Later, that same year, the Department of Natural Resources (DNR) discovered an alligator snapping turtle in the White River and listed the species as native and endangered in Indiana. Mr. Reed was allowed to commercially display his turtle until DNR amended its rule several years later. The current DNR rule allows endangered mammals to be commercially exhibited but not endangered reptiles. He asked that the rule be changed so that he could commercially display his turtle again.

Linnea Floyd, DNR, Division of Fish and Wildlife

Ms. Floyd distributed materials on the background of Mr. Reed's request for a exhibitor's permit from DNR (Exhibit B). Ms. Floyd stated that exhibiting of endangered species increases the level of poaching. It is difficult to determine if an endangered species has been legally obtained in another state. The old rule exempted people who had legally acquired the animal. The Division of Fish and Wildlife does not want to amend the rule to allow the exhibit of endangered reptiles.

Col. Jeff Wells, Executive Officer, DNR, Division of Law Enforcement

Col. Wells stated that if Mr. Reed were to commercially exhibit his alligator snapping turtle his wild animal possession permit would be revoked, he would be charged with a Class C misdemeanor, and the animal would be confiscated.

John Davis, Deputy Director, DNR

Mr. Davis stated that there is a potential market for the capture and sale of wild endangered species. Some states (e.g. Missouri) also ban the use of endangered species for commercial purposes. The Natural Resources Commission has the authority to amend the rule and could create an exception for alligator snapping turtles.

After Committee discussion, the Committee determined that an exemption should be made and by unanimous voice vote recommended that DNR petition the Natural Resources Commission to amend the rule concerning exhibitor's permits to allow alligator snapping turtles that were privately owned before 1998 to be allowed to be displayed commercially.

Topic: Conservancy District Cumulative Maintenance Funds.

Doug Cregor, Attorney, Association of Indiana Conservancy Districts (AICD)

Spencer Schnaitter, Attorney, Association of Indiana Conservancy Districts (AICD)

Mr. Cregor and Mr. Schnaitter presented to the Committee PD 3520 concerning the cumulative maintenance funds of certain conservancy districts. The proposed legislation would apply to limited conservancy districts that created the fund in the original or an updated plan. The proposal would only affect 17-18 conservancy districts.

Topic: Proposed DNR Fee Increases. (Exhibit C)

Mike Nickolaus, DNR, Division of Oil and Gas

Mr. Nickolaus outlined the DNR's proposal to increase application fees, create expedited application fees for certain wells, and establish fees to transfer a permit. A letter supporting the fee increases from the Indiana Oil & Gas Association was presented to the Committee. (Exhibit D)

Mike Neyer, Director, DNR, Division of Water

Mr. Neyer stated that the current rates for the sale of water from reservoirs is set in statute at \$33 per one million gallons. DNR would like to renegotiate the rates when the contracts for water sales come up for renewal. DNR also would like the Indiana Utility Regulatory Commission, which has experience in setting water rates, to set the rate if DNR and the purchaser could not reach an agreement.

Rachel Perry, Director, DNR, Division of Historic Sites

Ms. Perry stated that there is not an admission fee for state historic sites. Funds are needed to maintain and improve the quality of the historic sites. The funds would not be used to cover operating expenses. Fees would probably be about \$3-5 per site. School groups would be allowed free admission. Fees would generate about \$300,000 per year if attendance levels remain the same. The funds would be placed in a dedicated fund and the money would go back to the historic sites. Most friends groups and visitors bureaus support the proposed fees. (Exhibit E)

Glen Salmon, Director, DNR, Division of Fish and Wildlife

Mr. Salmon presented a proposal for various fee increases and new fees. (Exhibit F) When determining rate increases DNR examined the current rates of surrounding states and how long it has been since the last rate increase. He stated that though not everyone supports the fee increases they are generally supported especially by hunting, fishing, and trapping groups and associations. Mr. Salmon also stated that DNR has made a proposal to U.S. Fish and Wildlife that would allow small field trials on state properties.

John Goss, Director, DNR

Mr. Goss asked the Committee to consider transferring the responsibility for setting certain fees to the Natural Resources Commission. This would allow the rates to increase in smaller increments instead of big increases every 10-20 years. It is also difficult to explain the need for fee increases to 150 legislators each time an increase is needed.

Gary Doxtater, Indianapolis, Indiana

Mr. Doxtater stated that the previous administration would not allow agencies to ask for increased fees, but instead wanted to reduce fees.

In response to Committee questions DNR representatives provided the following information:

- DNR will not be presenting their budget proposal until November.
- DNR's proposed fee increases are designed on a business model to allow the user to pay a greater share of the cost - the fees would not generate excess revenue but would help cover the costs.

The following points were included in the Committee's discussion:

- Legislators should be responsible for setting fees and should not delegate that authority to the Natural Resources Commission.
- Hunters do not mind fee increases if they believe they are receiving something in return.

After Committee discussion and amendments to various proposals, the Chairperson determined that the Committee would vote on the specific proposals by subject matter and allow the legislative members to divide and combine the various proposals into introduced bills.

The Committee adopted the following legislative proposals by roll call vote:

	<u>Yeas/Nays</u>
Fish and Wildlife fees	5 - 1
Oil and Gas fees	5 - 0
Water fees	5 - 0
Historic Site fees	5 - 1

Topic: Lake and River Enhancement

Paul Ehret, Deputy Director, DNR

Mr. Ehret discussed the recommendations of the Indiana Lake Management Work Group. (Exhibit G) The recommendations were designed to improve surface water quality, ensure recreational opportunities, and safeguard public lakes. The Work Group supported the lake and river enhancement fee and fund that was presented in HB 1221-2002.

Col. Jeff Wells, Executive Officer, DNR, Division of Law Enforcement

Col. Wells explained that the boat registration fee varies depending on the length of the boat. The excise fee varies depending on the age of the boat; the fee is reduced 10% every year. He stated that passing HB 1221-2002 would have placed more conservation officers on the water, increased the number of navigation aids, and created more educational opportunities for boaters. The way the fund was structured would allow the state to leverage federal matching funds.

Jim Ray, Chief Lake and River Enhancement, DNR, Division of Soil Conservation

Mr. Ray explained the history of lake and river enhancement program since it was begun

in 1987.

Sen. Robert Meeks, State Senator, District 13

Sen. Meeks stated that many boaters have professed that they can see improvements being made with the fees they have paid. Many issues are of a concern to lake management, (e.g. boat safety; transportation of exotic plants and animals between lakes). The legislature created a fund that would help pay for local sheriffs to patrol lakes in their county. However, no money has been placed in the fund. Currently, the property owners on the lakes pay property taxes to pay for local law enforcement efforts. Under HB 1221-2002 boaters who use the lakes would help pay to keep the lakes safe. The Indiana Lake Management Work Group has held many meetings and HB 1221-2002 was one of over 40 recommendations developed by the Work Group.

In response to questions by the Committee, representatives of DNR provided the following information regarding exotic plants and animals:

- Purple loose strife is an exotic plant that has invaded Indiana wetlands. A beetle has been found that only eats purple loose strife -- it can provide slow but steady control of the plant.
- An emergency rule has been adopted to prevent the importation of snakehead fish.
- Zebra mussels are a long-term problem. There is no known way to control them and they affect the entire food chain.
- Big head and silver carp are now in the Wabash River. They can grow to 50 lbs. and will jump at boats, which can endanger boaters.

Topic: Conservation Initiative

Lyn Dennis, The Nature Conservancy

Ms. Dennis presented a proposal to increase the state solid waste disposal fee. (Exhibit H) The proceeds from the increase would fund the following programs: Indiana Heritage Trust; Clean Water Indiana; Hometown Indiana, Indiana Land Resources Council; and Payment in Lieu of Taxes. About 13 million tons of trash are disposed of in Indiana landfills each year. The cost to residents would be about \$1.25 per month per household.

Sen. Wheeler recessed the meeting until 9:00 A.M., October 25, 2002 and announced that Senator Lewis would preside as the Chairperson.

October 25, 2002. Call to Order: 9:05 AM by Sen. Lewis, Acting Chair

Topic: Chronic Wasting Disease (CWD) and Whitetail Deer

Bret D. Marsh, DVM, State Veterinarian, Board of Animal Health (BOAH)
Doug Metcalf, Chief of Staff, Board of Animal Health

Dr. Marsh and Mr. Metcalf presented the following information to the Committee:

- 1967 - The first case of CWD was reported in Colorado.
- 1978 - CWD was recognized as a transmittable disease (how it is transmitted is not known).
- 1992 - Cervidae recognized as livestock in Indiana.
- Imported Cervidae required to be tested for tuberculosis and brucellosis.
- 2001 - Elk herd registration begun - requires testing of dead animals and other information. (No elk has tested positive for CWD in Indiana.)
- 2002 - CWD found in Wisconsin.
- Indiana adopts emergency rule that stops importation of Cervidae until May 2003. (A permanent rule is being prepared.)
- All Cervidae in the state required to be registered by 10/12/02

There is no reliable test for CWD, no cure, and the disease appears to always be fatal. The Center for Disease Control and the World Health Organization do not think there is a risk to humans but the science is not certain on this point.

The Board of Animal Health, along with DNR, has developed a surveillance plan to test farm raised and free range deer. They have also developed a joint web site at: www.deerhealth.in.gov

In response to Committee questions, Dr. Marsh and Mr. Metcalf stated the following:

- CWD is a North American disease. One case of CWD was found in Korea from an animal that was shipped from Canada.
- Elk and deer owners in Indiana have been cooperative with BOAHs initiatives.

John Goss, Director, DNR

Mr. Goss explained that DNR has been in contact with other states (including Wisconsin) to see how these states are managing the problems concerning CWD.

Glenn Lange, Chief of Wildlife, DNR, Division of Fish and Wildlife

Mr. Lange stated that most states that have CWD have discovered the disease in their state in the past 5 years. U.S. Fish and Wildlife estimates that total lost revenue to the states because of CWD in free ranging white tail deer is \$1.4 billion (this includes license fees, hotel revenues, etc.). The nationwide impact to elk ranching is \$44 million. Wisconsin has had 40 positive cases of CWD in both captive and free ranging herds. Wisconsin is trying to establish a 400 square mile eradication zone to eliminate or reduce deer herds in the zone. However, a third of the landowners in the area will not allow hunting on their land. Wisconsin is expected to spend \$8.5 million in CWD efforts in 2003. Information on efforts in other states was distributed to Committee members. (Exhibit I)

Col. Jeff Wells, Executive Officer, DNR, Division of Law Enforcement

Col. Wells spoke about black market operations in the state to capture wild deer and sell them out of state for canned hunting operations. In one case, about 150 Indiana free ranging deer were tranquilized and transported to canned hunting operations outside the

state. A black market for TB deer tags to make wild deer look like domesticated deer has developed. He believes canned hunting has spread CWD to other states.

Eddie Ray Borkholder, Deer Farmer

Mr. Borkholder questioned the reported timing involved in the spread of CWD.

Rep. William Friend, State Representative, District 42

Rep. Friend stated that most commercial deer operations are not involved in canned hunting. Deer farms use land that is often unfarmable. He would like deer farmers to be treated fairly like other business owners. Deer farmers need to be able to cull and harvest deer on farms while transportation restrictions by the BOAH are in place. He would like Purdue to be certified to test for CWD so testing fees and jobs stay in the state. A lot is unknown about CWD - DNR and BOAH should continue to work together and communicate what they know and learn with deer farmers.

Sen. Bob Jackman, DVM, State Senator, District 42

Sen Jackman explained his involvement in the issues concerning Cervidae. He supported Rep. Friend's initiatives and stressed that DNR and BOAH should continue to work together.

Geruas Schaferdum, DVM, Milford, Indiana

Dr. Schaferdum stated that domesticated deer are raised in very healthy environments. They are routinely tested for various diseases and parasites. Deer herds are beginning to regularly use the same reproduction management techniques that are used for horses and cattle. This reduces direct animal contact and thus reduces diseases that are spread by contact. Herds can be certified if they undergo a monitoring-quarantine program.

Dr. Brad Thurston, Deer Farmer, Indianapolis, Indiana

Dr. Thurston stated that there is much research being done on CWD and how it is transmitted. Recent research indicates that prions (protein fragments) may play an active role in developing CWD. Prions occur naturally in most higher animals. Prions were not thought to be able to be transferred from species to species. In the case of mad cow disease, 5 million people were exposed to suspect meat and about 200 people developed the disease. The federal government has developed rules to restrict animal movement to control CWD. If a deer farm has CWD, the entire herd is destroyed. In Wisconsin no captive deer farm was within 50 miles of where CWD outbreak occurred. Indiana has about 400 deer farms and the number is growing yearly.

Doug Almon, Deer Hunters Association

Mr. Almon stated he is against deer farms and canned hunting. Deer become tame in deer farms and then are used in canned hunting. Most venison sold in Indiana comes from New Zealand.

Phil Ohmit, Hoosier Conservation Alliance

Mr. Ohmit stated that there have been several bills to open up canned hunting in the state which have all failed. DNR and BOAH are working together - there is no need for any new legislation on domesticated deer or CWD.

Paula Yeager, Indiana Wildlife Federation

Ms. Yeager stated that the Indiana Wildlife Federation is against bills that would redefine domesticated deer as non-wildlife and out of DNR's control. Most people are against hunting behind a fence. CWD is getting closer to Indiana - states that have CWD are spending a lot of money on the disease and losing money on hunting and tourism. The State should not have to pay domesticated deer farmers because of bad business decisions. Ms. Yeager distributed resolutions adopted by three wildlife groups (Exhibit J)

After Committee discussion and amendments to various proposals, Sen. Lewis determined that the Committee would vote on the following proposals with the understanding that legislative members would be allowed to combine the various proposals into introduced bills that each member wanted to carry.

	<u>Yeas/Nays</u>
PD 3520 (Conservancy Districts)	6 - 0
HB 1221-2002 (Lake Enhancement)	5 - 1
PD 3700 (Point of Sale)	6 - 0
PD 3671 (Off-Road Vehicles)	6 - 0
PD 3551 (Dam Inspections and Permits)	6 - 0
PD 3619 (Plant Nursery Fees)	6 - 0
PD 3527 (Natural Resources Fees)	6 - 0
PD 3458 (Ginseng Dealer License Fees)	6 - 0
PD 3466 (Timber Buyers License Fees)	6 - 0
PDoc 1545.001 (Classified Land Programs)	6 - 0
PD 3492 (Parks and Reservoirs Fund)	6 - 0
PD 3444 (Historic Preservation)	6 - 0
PD 3620 (Law Enforcement)	6 - 0
PD 3566 (Dam Safety)	6 - 0

The Committee discussed the Final Report and agreed that with additions to reflect the current meeting the report should be adopted. The Final Report was adopted by a vote of 6 - 0.

Sen. Lewis adjourned the meeting at 11:35 A.M.